



Medical Kiwi
MEDICINAL CANNABIS

Medical Kiwi Investment Memorandum

DECEMBER 2019

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Important notice

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Executive summary

IN BRIEF

Until recently, cannabis has been a globally prohibited substance, with the vast majority of people unaware of the medicinal properties of cannabis, and those who want to use it facing crippling costs and zero or severely restricted supply. Scientists believe the chemical molecules in cannabis can provide a range of physical and psychological health benefits. Medicinal cannabis products are in demand in Western countries to have already legalised the cultivation, production and use, and as scientists learn more about the therapeutic benefits and pharmaceutical uses, demand is increasing.

The potential of the medicinal and nutraceutical cannabis industry is clearly evidenced in the rapid growth and scale achieved by businesses in Canada and Europe. Globally, the medicinal cannabis industry is forecast to be worth USD \$150 billion by 2025*. Grand View Research 2018

A major opportunity now exists for New Zealand to hold a strong position in the global industry. In December 2018, New Zealand Government passed legislation that will allow access to safe, effective and affordable high-quality medicinal and wellbeing cannabis products. Companies will be leveraging New Zealand's provenance, reputation

for innovation and areas of competitive advantage to cultivate, produce and sell medicinal and wellbeing cannabis products.

Medical Kiwi Limited (Medical Kiwi), an early-stage medicinal research and nutraceutical wellbeing company, is in a unique position as one of a handful of New Zealand companies poised to create value and carve out a significant share of this emerging and exciting growth industry.

- A medicinal cannabis research and nutraceutical company based in NZ.
- Science and research are showing health benefits of medicinal and nutraceutical cannabis products.
- Positioned to take advantage of rising demand and legislative changes creating first mover advantage.
- Defined strategy and roadmap, with clear milestones being achieved.
- Partnerships established.
- Strong governance with relevant skills in research and medical fields.
- Positioned to develop proprietary intellectual property.

Executive summary

IN BRIEF

The set-up costs for Medical Kiwi will be NZD \$4.5 million. Funding will come from share issues and crowd funding. Stage one of seed funding has been successfully completed, raising NZD \$1 million. This has enabled us to secure land and complete design plans for an 8,000 – 10,000m² state-of-the-art facility in Nelson, New Zealand. We are now raising a further \$4.5 million. NZD \$2.5 million through the sale of 83,334 shares to private wholesale investors and high net worth individuals. And NZD \$2 million through equity crowdfunding of 55,555 shares. The company was formed with 600,000 shares. 100,000 shares were on offer in the seed funding round. The share offer and crowdfunding will bring the company to a total of 838,889 shares.

Our Board of Directors will oversee Medical Kiwi's operations, leveraging the sum of their professional and expert knowledge and proven track record of financial and management capability.

Aldo Miccio, Chairman is an experienced governance executive with a strong commercial background.

Peter Win, Director, has considerable breadth and depth of business experience, with a passion for pioneering new industries.

Dr David Porter, Director (Medical) is a Specialist Rheumatologist.

Dr Michael Packer, Director (Science & Research), is a Cell Biologist and Natural Products Biotechnologist.

Bruce Whall, Director (Finance), is a Chartered Accountant with experience in professional accounting and commerce.

Drawing on the specialist expertise, skills and proven corporate governance of the Board of Directors, and partnerships developed with global networks, Medical Kiwi is extremely well placed to begin generating revenue from early 2020. It is estimated in current market conditions that the completed design build facility at full capacity will produce between 30,000 – 35,000 kg of dried product per annum, valued today at between NZD \$100 - \$110 million. Concurrently, Medical Kiwi has

Executive summary

IN BRIEF

distribution agreements to be able to import medicinal and CBD wellness products in early 2020 and uptake agreements securing future sales of our unique IP products aligning with the business' sales, product and distribution strategy and timeline.

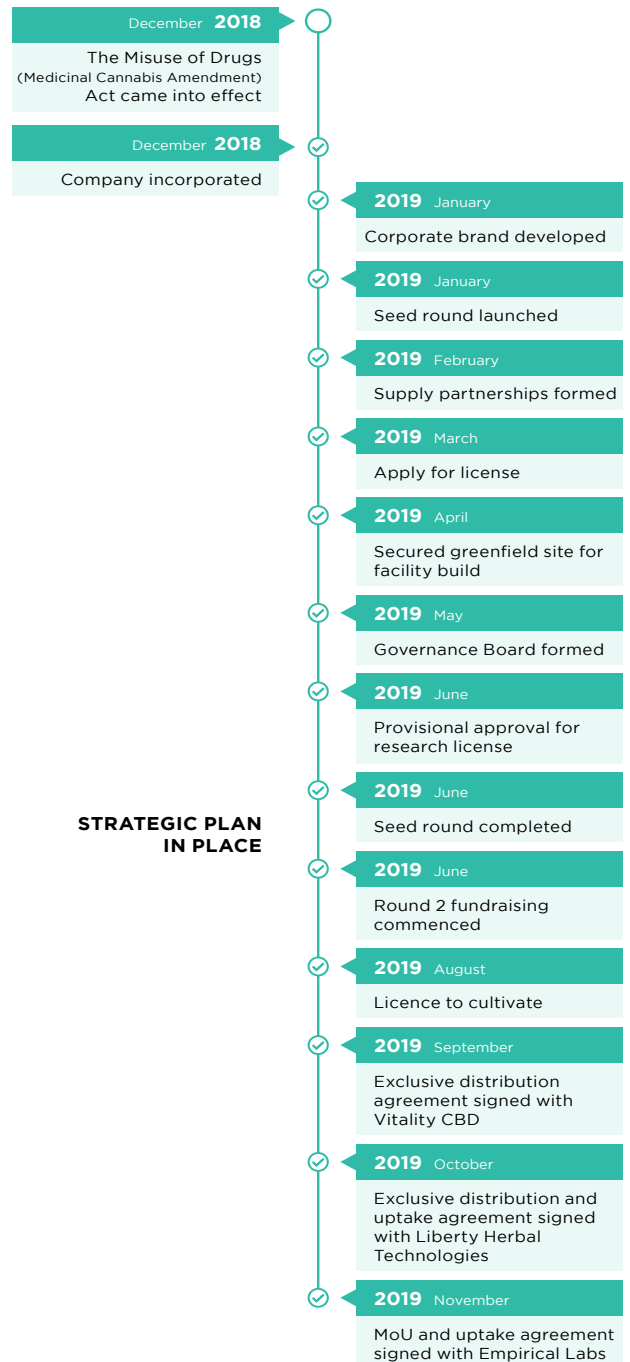
Medical Kiwi will operate within the boundaries of the New Zealand Ministry of Health regulations for medicinal cannabis production. Medical Kiwi has partnered with high calibre suppliers to support inception, including the application for relevant licences to grow cannabis for research and development purposes as well as manufacturing, distribution and import of medicinal and wellbeing cannabis products.

The company has a clear philosophy that is driving its strategy and direction: realising the global opportunities for New Zealand produced and branded, high quality, safe and effective medicinal and wellbeing cannabis products to effect real change in people's lives and health outcomes.

Against this backdrop of a global health and wellness consumer mega-trend, and with sentiments and legislation towards alternative medicines, and medicinal cannabis in particular, rapidly evolving, the time to participate in the opportunity that Medical Kiwi represents is now.

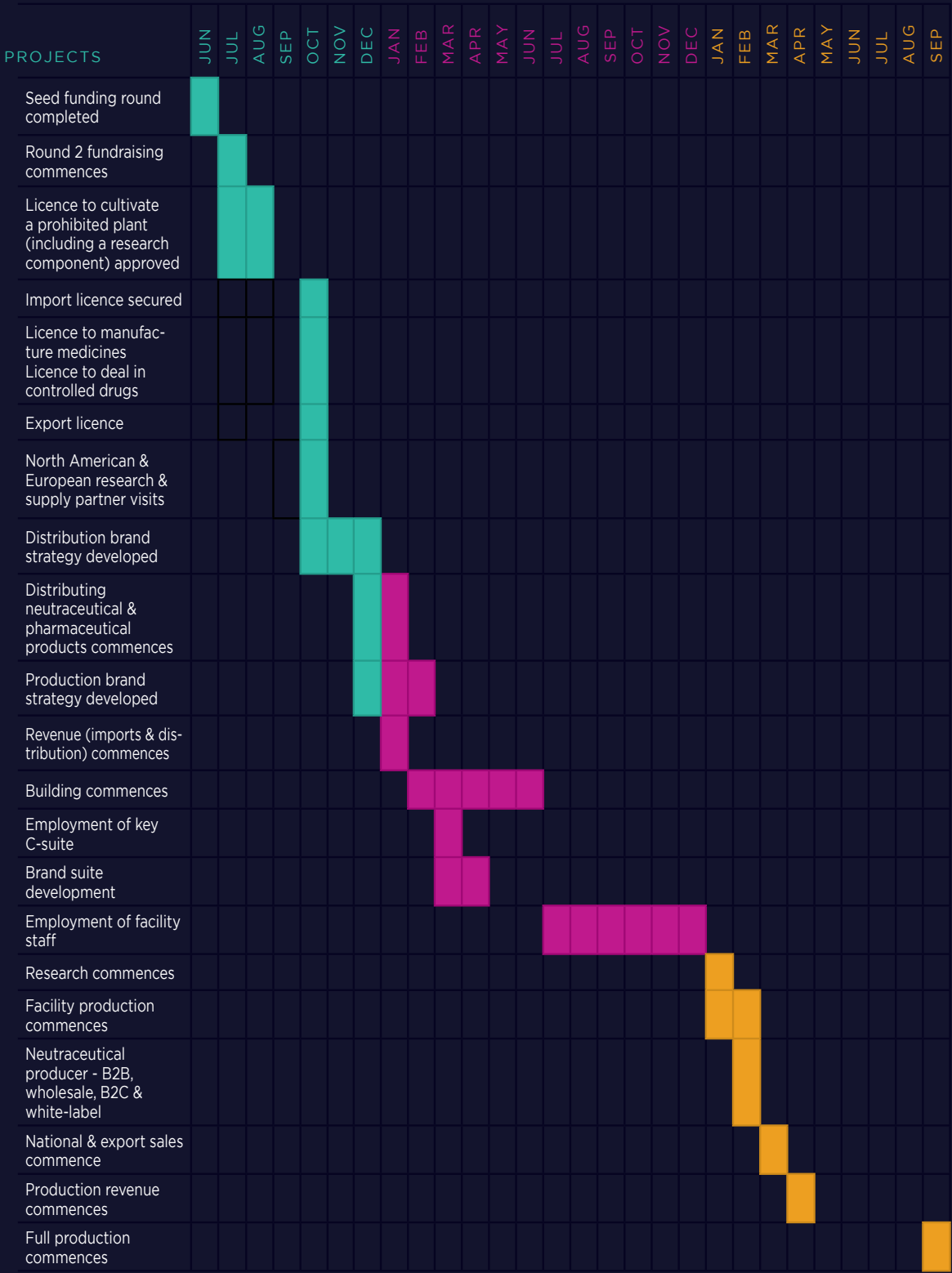
This Information Memorandum outlines the planned business model and strategic intent for Medical Kiwi. Financial forecasts have been prepared based on a three-year timeline and can be referred to, with other information, on our website medicalkiwi.com and the investor portal at <http://bit.ly/info-MK>.

Completed milestones



Road-map

2019 2020 2021



The offer

Medical Kiwi is seeking to raise NZD \$4.5 million of investment capital offering in support of our business strategy.

In order to successfully market Medical Kiwi, we will be using an integrated channel network of trusted partners, including online platforms, crowdfunding specialists, finance institutions, private equity funding and multiple wholesale investment funding platforms.

The company was formed with 600,000 shares. 100,000 shares were on offer in the seed funding round. The share offer in the share sale and crowdfunding will bring the company to a total of 838,889 shares. All shares are full ordinary shares. Their sale will be managed over three stages.

Stage one: Seed funding

Medical Kiwi has successfully completed seed funding. During this phase 100,000 shares were offered for sale to early investors, with a view to raise an initial NZD \$1 million in investment capital. This has enabled Medical Kiwi to secure a greenfield site in Nelson, complete design plans for a state-of-the-art facility and start the application for licences process.

Stage two: Share issue

The second round commenced 1st July 2019 with the intention to raise a further NZD 2.5 million. This will be achieved through the sale of 83,334 shares at a price of NZD \$30 per share through private wholesale investors and high net worth individuals.

Stage three: Equity crowdfunding

Medical Kiwi will undertake an equity crowdfunding campaign in February 2020 to raise NZD \$2 million. 55,555 shares will be on offer at a price of \$45 per share.

The offer

SHARE OFFER SCHEDULE

CURRENT SHARES ON ISSUE

600,000 founders full ordinary shares.

100,000 seed round funding **\$10.00** per share.

All values are in NZD

CURRENT SHARE OFFER AND EQUITY CROWDFUNDING

To raise NZD **\$4.5 million** via issue of **138,889** shares.

Stage two: Share issue

Offer to private wholesale investors and high net worth individuals: **83,334** shares to raise **\$2,500,000** | **\$30.00** per share

Stage three: Equity crowdfunding

55,555 shares to raise **\$2,000,000** **\$45.00** per share

Additionally, to consider debt funding and convertible note structuring to secure funds required.

Timing: Feb 2020

USE OF FUNDS

| | |
|-----------------------------------|--------------------|
| RESEARCH AND DEVELOPMENT | \$700,000 |
| ADMINISTRATION AND OPERATIONS | \$1,100,000 |
| SALES AND DISTRIBUTION | \$650,000 |
| PRODUCT DEVELOPMENT AND MARKETING | \$550,000 |
| PLANT AND EQUIPMENT | \$1,500,000 |
| TOTAL | \$4,500,000 |

Figures all in NZD \$

The offer

COMPANY VALUATION

The offer reflects a valuation that was undertaken by financial advisors and has been based on international research from Canada, Australia and the United States of America. This includes anecdotal information as well as data from companies currently producing medicinal and wellness cannabis products. It is important to acknowledge that, as this is a new and emerging industry both globally and in New Zealand, it is difficult to perform a comparative analysis.

Following the completion of stage three, Medical Kiwi will have an estimated worth of NZD \$27,180,003.00 based on the average unit share value from the wholesale and crowdfunding raise and comparables to similar companies in the market (CannaSouth and Puro).

ONGOING SHAREHOLDER RELATIONSHIP

Dividend policies

The current dividend policy is to retain profits for future use to drive capacity growth and medical research options. The dividend policy will be reviewed annually by the Board, in accordance with the policies outlined in the Shareholder Agreement, based on our growth requirements and reinvestment required to increase capacity to meet demand, and our medical research needs.

Trading shares

Medical Kiwi allows initial shareholders to trade their shares as per the terms and conditions listed in the Shareholder Agreement. *

Exit Strategy

A general exit strategy plan will be in the form of an initial public offering in years three-to-five.

** The Shareholder Agreement is available at our website medicalkiwi.com and the investor portal <http://bit.ly/info-MK>.*

Reasons to invest

1. Become part of a fast growing global industry at an exciting time in New Zealand's history with positive legislative and societal changes.
2. A unique opportunity to capitalise on a potentially very large consumer trend.
3. Our strong offshore partnerships are opening doors to international opportunities.
4. We have advanced technology to ensure the highest quality products are produced.
5. We will be a 100% sustainable operation.
6. We offer commercial assurance from "seed to sale".
7. We have a Board of Directors with strong governance and vast expertise in science and medicine.
8. We are, and will continue to be, transparent about our KPI's and milestones.
9. We are well placed to begin generating revenue in early 2020 with projected earnings showing a substantial potential for return on investment and attractive dividend policy.



Medicinal cannabis 101

The two main cannabinoids from the cannabis plant that are of medical interest are tetrahydrocannabinol (THC) and Cannabidiol (CBD). **CBD has been shown to have significant medical and wellbeing benefits.**

It can decrease pain, inflammation and muscle control problems, as well as improve sleep and appetite, reduce nausea and help psychoactive disorders. Importantly, CBD is a cannabinoid that doesn't make people "high".

There are three strains of cannabis in the cannabis plant family;

Indica – Short and bushy, with wide leaves and tightly packed flowers. Possessing an earthy, musky perfume and a shorter growth cycle.

Sativa – Tall and spindly, with short thin leaves and loose flowers. Sativa has a spicy or floral scent and is popular for its uplifting effects on mood.

Hybrid – Hybrids are developed by plant breeders to create new varieties of cannabis with specific characteristics. With the benefit of extensive research, it

is possible to cultivate hybrid strains to target specific medicinal applications.

Internationally, scientists are conducting pre-clinical and clinical trials using cannabis and its extracts to treat:

- diseases that affect the immune system
- inflammation
- pain
- seizures
- psychological disorders.

Current trials being conducted are testing and documenting the medical efficacy of different medical cannabis preparations and compounds. Medicinal cannabis can be administered in several forms, including: orally as a tincture or via oil filled capsules; topically via skin creams and transdermal patches; infused into food products such as olive oil; or vaporised for respiratory delivery.

Medical Kiwi will develop, manufacture and distribute both medicinal and wellbeing cannabis products.

The market

Medical Kiwi will be manufacturing and supplying safe, high quality medicinal cannabis and CBD wellness products for the local market and pursue international market opportunities.

There are a number of factors within the pharmaceutical and healthcare market that are contributing to, and supporting the growth of, the medicinal cannabis industry in New Zealand and globally. Most notable are the rising awareness of the benefits of the drug, increasing legislative changes and a growing investment by public and private organisations into conducting research focusing on the medicinal applications of cannabis.

GLOBAL INDUSTRY OPPORTUNITY

As medical research continues to reveal the profound therapeutic effects of cannabinoid products, and a greater number of people experience the benefits in treating a range of conditions, global sentiment towards medicinal cannabis, and alternative therapies

at large is rapidly evolving. So too are legislations, with an increasing number of countries reviewing and passing new laws in support of the use of cannabinoid medicines.

“Globally, overall healthcare expenditure is expected to continue to rise, with total spending projected to increase at an annual rate of 5.4 percent from 2017 - 2022. That’s equivalent to USD \$7.724 trillion increasing to USD \$10.059 trillion”

(Deloitte, 2018).

The global cannabis market is estimated to be valued at USD \$150 billion by 2025 (Grand View Research, April 2018).

The market

NEW ZEALAND INDUSTRY OPPORTUNITY

The market for medicinal cannabis in New Zealand is currently difficult to quantify, however the Ministry of Health estimates that more than 250,000 casual cannabis users use it for medicinal purposes.

There are approximately 25,000 New Zealanders that need or could benefit from palliative care each year, just one area of society that will benefit from the introduction of medicinal cannabis products. Both pharmaceutical sales and consumption are on the rise and the outlook to 2025 remains robust, driven by strong pharmaceutical market fundamentals. (Business Wire, 2018)

This highlights a significant, existing domestic market opportunity.

New Zealand society's attitudes towards medicinal cannabis are evolving as shown in a poll commissioned by the New Zealand Drug Foundation in 2018 which found that 87% of New Zealanders now support medicinal cannabis for the treatment of pain and 89% support the use of medicinal cannabis as terminal pain relief.



The market

WHY NEW ZEALAND?

New Zealand's regulatory environment

The Misuse of Drugs (Medicinal Cannabis Amendment) Act came into effect in December 2018, paving the way for the creation of a fully commercialised medical and nutraceutical cannabis industry. There is still work to be done with the Ministry of Health designing the framework for how the law will operate to enable domestic commercial cultivation and medicinal cannabis manufacture. This includes developing a Medicinal Cannabis Scheme which has three main elements: a licensing regime; introduction of standards for the quality of medicinal cannabis products and all stages of production; and reviewing how cannabis is prescribed. The Ministry of Health held a public consultation in July 2019 with Regulations to be made by 18 December 2019. The Medicinal Cannabis Scheme will be operational in the first quarter of 2020.

For New Zealand businesses that are successful in obtaining the requisite licence, it affords the opportunity to participate in the development of this emerging market. Medical Kiwi, with the support of food safety and regulatory compliance specialists Pharmout, submitted an application for a licence permitting the cultivation of cannabis

for scientific and medical research in March 2019 with the licence granted in August 2019.

“Today’s vote in Parliament clears the way for the creation of a Medicinal Cannabis Scheme that will allow New Zealand companies to manufacture medicinal cannabis products for both the local and international market.”

Hon. David Clark, Minister of Health 11 DEC 2018



Strategic business overview

New Zealand's climate and reputation

New Zealand is internationally known for its clean, green image with a climate and fertile soils producing exceptional agricultural and horticultural products. Boasting sustainable agricultural and farming practices and world-leading agronomic research and cropping expertise, New Zealand is in a position to leverage its natural strengths, reputation for innovation and areas of competitive advantage as a main player in the global medicinal and nutraceuticals cannabis industry.

Medical Kiwi has a clear strategy for research, manufacturing, product, marketing, sales and distribution and an experienced Board of Directors with vast knowledge and expertise. This puts Medical Kiwi in the premier position to realise the unique opportunities presented by the emerging medicinal and wellbeing cannabis market in New Zealand.

Our vision is that everyone who could benefit from medicinal and nutraceutical cannabis products, can access and afford them.

Our mission is to improve wellbeing.



Strategic business overview

The opportunity

Not all patient and consumer needs are being met by pharmaceuticals, yet historical legislation has restricted access to medicinal and nutraceutical cannabis products. Demand is increasing, however the cost of accessing via current medical channels can be prohibitive. Imminent legislation is paving the way for research and commercialisation of medicinal cannabis in New Zealand that Medical Kiwi is going to capitalise on for the benefit of people's health, and investors.

Strategy

In an emerging industry there are known unknowns. To counter this the Board of Directors has made a commitment to developing and regularly reviewing Medical Kiwi's strategy with an external facilitator. This is to ensure the best possible governance, management and decision making for the company. Growing under secure controlled indoor conditions, manufacturing in the same facility, distributing and selling via our own brands enables us to ensure the efficacy, safety and provenance of all products, from plant to consumer.

PHILOSOPHY

Medical Kiwi exists to enable those suffering from illness, seeking alternative pain management and improved wellbeing to have access to safe, effective, affordable, high-quality medicinal cannabis and CBD wellness products. The positive effects of medicinal cannabis in improving the lives of people overseas are well documented and research is now emerging to support this. Medical Kiwi's products will be life-changing for people in the local community and beyond.

This will be achieved through:

1. Our partnerships approach

Our strong global partnerships are opening doors to exclusive international opportunities. Medical Kiwi has signed exclusive distribution and uptake agreements with leading international companies. Medical Kiwi has partnered with a group of high calibre suppliers to support the company's inception.

Strategic business overview

PARTNER COMPANIES

Medical Kiwi has secured a global network of clients and strategic partnerships with high calibre industry players and scientific institutions. Exclusive agreements have been signed with Vitality CBD, Liberty Herbal Technologies and Empirical Labs. We are in discussions with other international companies and expect to be able to announce the details of further partnership arrangements soon.



Aldo Miccio, Medical Kiwi Chairman with Liam Cagliarni, Vitality CBD Sales Director showcasing the range of Vitality CBD products Medical Kiwi will be distributing in New Zealand.

VITALITY CBD

Medical Kiwi has an exclusive distribution agreement with Vitality CBD, the United Kingdom's most trusted and distributed CBD brand. This means we can import and sell high-quality CBD products as soon as New Zealand's Medicinal Cannabis Scheme is operational in the first quarter of 2020, and give those seeking improved wellbeing immediate access to products that can help.

Vitality CBD is a premium CBD oil company backed by a team with a strong history in the pharmaceutical industry. By utilising their

expertise and rigorous scientific process through years of research and development, they've created a 0% THC product range that includes sprays, drops, skin creams, balms and e-liquids. Vitality CBD products are currently sold across the UK in Boots, Tesco supermarkets, Lloyds Pharmacy and thousands of other health stores.

Benefit for Medical Kiwi:

- We can create first-mover advantage, bringing established, reputable products to market in New Zealand as soon as legislation allows.

Strategic business overview

PARTNER COMPANIES

EMPIRICAL LABS

Medical Kiwi has signed a memorandum of understanding with leading international manufacturer of dietary supplements, Empirical Labs.

Our exclusive relationship with United States of America-based Empirical Labs means we can get proven medicinal and wellness cannabis products to both the domestic and global market quicker. With over 30 years experience in research and development in the nutraceutical industry, Empirical Labs is a world leader in formulation and enhanced delivery methods. The MoU also allows for Medical Kiwi to supply Empirical Labs with our own dried cannabis for use in our uniquely co-created medicinal and wellness products once we have started production.

Benefits for Medical Kiwi:

- The MoU will give us immediate access to product innovations and enable us to work alongside Empirical Labs to develop unique IP.
- Securing future sales helps Medical Kiwi to plan our production facilities with certainty.

LIBERTY HERBAL TECHNOLOGIES

Medical Kiwi's uptake agreement with United Kingdom company, Liberty Herbal Technologies secures future sales. Medical Kiwi will supply dried medical cannabis to Liberty Herbal Technologies to be packaged and sold internationally for use with Liberty's patented technology, the unique hapac device, from early 2021.

In addition, Medical Kiwi will have exclusive rights to import the new hapac product, a patent-pending "heat not burn" device for inhaling medicinal cannabis, for sale in New Zealand from early 2020. The technology in Liberty Herbal Technologies' innovative device is a great match for our strategic goal to bring to market in New Zealand the best delivery mechanisms for medicinal cannabis.

Benefits for Medical Kiwi:

- Securing future sales helps Medical Kiwi to plan our production facilities with certainty.
- Obtaining cutting edge medical technology for our exclusive use in New Zealand helps ensure we're not only leaders in the medical cannabis industry in New Zealand, but also globally.

Strategic business overview

OUR SUPPLY PARTNERS



PHARMOUT

PharmOut is an international pharmaceutical consultancy, specialising in GMP design, architecture, engineering and validation with extensive knowledge and prior experience in cannabis facility design and builds. Lead by Cannabis Compliance Services Director, Alison Tennent.



PRODUCO

Experts in liaising with regulatory bodies, Produco are food safety and regulatory compliance specialists. They work with businesses to implement all legal requirements, ensuring compliance with industry standards and Medical Kiwi have engaged them to assist with our licences to take advantage of their knowledge, as well as existing networks and relationships with Government departments. Lead by Managing Director, Colin Oliver.



FOCUS STRATEGY

Focus Strategy guide organisations through a process of deliberate decision making. They use a combination of creativity and rigor to design smart, focused and defensible strategy choices to deliver competitive advantage using proven methodology. Lead by Managing Director, Matt Johns.

INTERNATIONAL MEDICAL CANNABIS MANUFACTURER

Medical Kiwi is in discussions with USA, Canada and Europe based medicinal cannabis vs marijuana manufacturers about collaborations and partnerships, with details to be publicised in due course. Lead by Medical Kiwi Chairman, Aldo Micco.

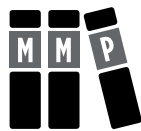
Strategic business overview

OUR SUPPLY PARTNERS

● OBJECTIVE

OBJECTIVE VIRTUAL MARKETING

Marketing specialists with experience in the B2I (Business to investor), B2B and B2C spaces. They offer strategy, planning and set-up and ongoing implementation to drive businesses, with specialists in strategy, brand, digital marketing, social media and public relations. Lead by Director, Anna Leary.



**McFADDEN
McMEEKEN
PHILLIPS**
LAWYERS

MCFADDEN McMEEKEN PHILIPS

Established and reputable Nelson-based law firm, with expertise in property, corporate and commercial, employment, banking and finance. Lead by Partner, Alex Reith.



FRENCH & LAST-HARRIS LTD

Experienced chartered accountants who specialise in business development as well as accounting and financial services. Lead by Director, Darren Last-Harris



WHOLESALE INVESTOR

A leading wholesale partnered network throughout Southeast Asia and the UK that connects innovative, emerging companies looking to raise capital with active, engaged and growing high-net-worth investors, fund managers, family offices, PE and VC firms, government bodies and industry participants. Lead by Head of Business Development, Daniel Hallawi.

Moving forward, applying a client-centric service approach, we will establish market dominance and optimise access to our product, and add value to our key account, stakeholder and other partner relationships.

Strategic business overview

2. Our commitment to sustainability

Our commercial objectives are aligned to environmental responsibility. We will actively look for opportunities and technology to ensure our agricultural and commercial practices are sustainable. This is a priority for the development of our new facility that will include extensive solar, energy efficient initiatives and sustainable considerations in all aspects of its ongoing operations, such as waste disposal.

3. Our innovation mindset

Ongoing research and development as set out in our research strategy with swift adoption of relevant global technological advancements will mean we can be agile in our response to market needs, and set an elevated benchmark as pioneers and leaders in the industry.

4. Our economic impact

We will create value by producing superior medicinal and wellbeing cannabis products for our local market and international distribution, strengthening our regional economy and playing a part in supporting New Zealand's role and performance in the global economy.

REPUTATION

Medical Kiwi will build its reputation in the industry for excellence, quality, transparency and service to produce assurance from seed-to-sale. This will be achieved through ongoing research and development, constant optimisation and implementation of technological advancements as they become available, and by identifying and working with the most qualified partner to add value to our business.

Our products will be credible and verified, we will act with integrity, be a dominant and valued player in the New Zealand market and earn ourselves a reputation globally.

Operations

LICENCES

Medicinal cannabis companies in New Zealand must apply for the relevant licences that allow them to cultivate cannabis for scientific and medical research, manufacture and produce, import and export products. Medical Kiwi, with the support of Pharmout and Produco, submitted our application in March 2019. The detailed plans for our state-of-the-art purpose-built facility and research proposal were submitted as part of our licence application. We were granted our licence to cultivate in August 2019. We're an applicant for licences to cover our full range of activities and anticipate these being granted once legislative changes have been made in late 2019.

The scope of our operations will comprise conducting research and development, cultivation, extraction, manufacturing, supply and distribution, and marketing of medicinal cannabis and CBD wellness products.



Operations

ASSURANCE FROM SEED-TO-SALE



Operations

RESEARCH AND DEVELOPMENT

Research is key to the advancement of the medicinal cannabis industry and to Medical Kiwi. Whilst undertaking our own research, medical kiwi intends to work with institutions globally. Our strategy is to form formal collaborations with leading academics and practitioners in the field nationally and internationally based on understanding the effects of the bioactive components contained in cannabis. We will leverage existing knowledge and prior IP and plan to develop new IP through our research efforts and these collaborations.

The goal is certification of standardisation of the beneficial bioactive properties of extracts and this will lead to the development of a portfolio of Medical Kiwi proprietary products.



1. **International collaboration regarding the effects of the bioactive components contained in cannabis.**
2. **Research light effects on cannabinoid outcomes and conditions, in a replicable way (this follows from Dr Michael Packer's research into the ability of light to influence outcomes with algae).**
3. **Develop, or contribute to certification of standardisation of the beneficial bioactive properties of cannabis extracts.**
4. **Establish protectable IP through the above.**

Research will be lead by Director, Dr Michael Packer.

Operations

MARKETING

Marketing strategy

Marketing will be directed by and help drive the businesses overarching strategy. With an emerging industry, it is important that advances are aligned with target audience segments and demand. This insight will inform both cultivation and manufacturing decisions.

At present the corporate level brand has been developed. Medical Kiwi is set to undergo a comprehensive branding and marketing exercise with its appointed marketing partner to create a strong brand and marketing proposition to go to market. The company will work through a comprehensive target audience, positioning, branding, key messaging process, that will result in a marketing strategy and plan covering all activities for a 12-month period.

Tactical marketing

The current tactical marketing initiatives are as follows.

Website

medicalkiwi.com has been developed and is currently being evolved to suit the changing needs of the business. The website will be an easily accessed and constant source of information for partners, shareholders and the public.

Social media

Social media pages have been set up across a number of channels. Medical Kiwi will develop a social media strategy and presence to assist in the creation of an online community to allow communication with brand followers.

Public relations

Public relations activities will include press releases and media coverage (self and industry generated), testimonials, and a blog that is updated regularly with topical and relevant articles.

Operations

CULTIVATION

Based in Nelson, New Zealand, Medical Kiwi will establish a state-of-the-art medicinal cannabis research, cultivation and processing facility.

We have secured an eight-hectare greenfield site in Brightwater. The site is strategically located for operational logistics and product distribution, with excellent access to transport and distribution links.

Plans for a 8,000 - 10,000m², two-story building have been developed. The facility will house the cannabis grow facilities along with space for administration and logistics. The facility will be built by a developer with Medical Kiwi leasing the facility at market rates. Medical Kiwi has also taken out an operating lease on most of the secondary processing plant and equipment needed.

When in full production, estimated to be 2024, the facility is designed to produce 30,000 - 35,000 kg of dried product per annum, valued today at between **NZ \$100 - \$110 million.**

Sustainability and environmental responsibility were central to the development of our building plans. Elements include harnessing solar energy to power the high-yield growing facility. Early engineering will maximise energy efficiency so that the entire building and growing system's electricity can predominantly be powered via a one-megawatt solar system. This represents just one example of environmental responsibility aligning with our commercial objectives. The building will also incorporate sophisticated security systems, world-class growing room-specific apparatus such as climate control, irrigation, lighting bench and extraction system. *

* Building concept designs, financials and set-up costs are available in the investor portal <http://bit.ly/info-MK>



Operations

MANUFACTURING

As well as being grown, products will be manufactured on site. Cultivating and processing will support credible verification of products and allows full vertical integration (sans retail shops for now).

Products

There are a plethora of product possibilities in pharmaceutical (medical), nutraceutical (wellbeing), FMCG (cosmetic and food products).

Medical Kiwi's initial core offering of cannabidiol product will be nutraceutical wellbeing products such as oil, balms, tincture, ointment, spray and creams. Food and beverage consumables is category that requires further research regarding importation and B2B opportunities. Pharmaceuticals are a longer term proposition.



Operations



FACILITY SUMMARY

| Features | Manufacturing Site |
|---------------------|--|
| Size | Grow space 8,000 - 10,000 m2 |
| Location | Rurally located in the Nelson region, New Zealand |
| Status | New state-of-the-art facility custom designed by PharmOut. A developer will commence building in mid-to-late 2020 with Medical Kiwi to lease at market rates upon completion. |
| Production capacity | 30,000 - 35,000 kg |
| Quality control | HACCP, GMP, ISO:9001 |
| Key equipment | Medical Kiwi has also taken out an operating lease on most of the secondary processing plant and equipment needed including: Seed-to-sale software High-level security systems Growing rooms Extractions facilities Secured vault Laboratories |
| Licencing | Licence to cultivate a prohibited plant (including a research component, Granted). Licence to manufacture medicines Licence to deal in controlled drugs Import licence Export licence |
| Products produced | <ul style="list-style-type: none"> • Unprocessed raw product • Nutraceutical capsules, vaporisers, patches, oil, balms, tincture, ointment, spray and creams. • Moving forward medical grade stable isotopes, raw materials, liquids and prescription medicine. |
| Comments | The site is located on a private green zone and is expected to be fully operational in 2024. |

Operations

MANUFACTURING PRODUCT TIMING

| CLASSIFICATION | Products | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
|-------------------------------------|---|--------|---------|---------|---------|---------|
| Imported Nutraceuticals | Wellbeing Import and distribution via other brands. (capsules, vaporisers, patches, oil, balms, tincture, ointment, spray and creams) | | | | | |
| Imported Pharmaceutical | Medicinal Import and distribution via other brands. (stable isotopes, raw materials, liquids, drug prescriptions) | | | | | |
| Imported FMCG | Consumable and cosmetic products Import and distribution via other brands. (oils, food, beverages) | | | | | |
| Medical Kiwi Nutraceuticals | Wellbeing (capsules, vaporisers, patches, oil, balms, tincture, ointment, spray and creams) | | | | | |
| Medical Kiwi White Label | Wellbeing (capsules, vaporisers, patches, oil, balms, tincture, ointment, spray and creams) | | | | | |
| Medical Kiwi B2B | Unprocessed raw product | | | | | |
| Medical Kiwi Pharmaceuticals | Medical Requires full-clinical trials (medical grade stable isotopes, raw materials, liquids, and prescription medicine.) | | | | | |

Operations

SALES AND DISTRIBUTION

Distribution

a) Importing and distributing pre-branded medicinal and nutraceutical product from Europe and Canada to be sold in New Zealand and Australia

This would have a two-fold advantage:

1. Create short-term and ongoing cash flow for the business
2. Establish distribution networks that can be utilised once Medical Kiwi production is established.

b) Manufactured products

1. Medical Kiwi is a distributor, selling to wholesalers who on-sell to retailers.
2. Medical Kiwi is a wholesaler who then sells to retailers
3. Medical Kiwi is a manufacturer/wholesaler that sells directly to consumers B2C via online

PRODUCT AND DISTRIBUTION SUMMARY

| 1. Nutraceutical (wellbeing) & Pharmaceutical (medicinal) Distributor | 2. Nutraceutical (wellbeing) Producer | 3. Producer of proprietary brand pharmaceutical (medical) |
|---|---|--|
| Import from Europe/Canada pre-branded products* and establish distribution networks and cash-flow. *Regulation pending | Grow, process, brand, distribute and sell (locally and internationally) cannabis products B2B, wholesale and B2C, under MK's own brands. Produce and white label products for other international brands looking for manufacturers. | Attain pharmaceutical standards and consistency with a natural cannabis product. Supported by clinical trials and domain ownership of proprietary product. |
| Timing: Short-term End 2019 - Mid 2020 | Timing: Medium-term Beginning 2021 | Timing: Long-term 2025-2030* Due to the cost and complexity of clinical trials. |

Competitive advantage

Following the legislative changes last year which paved the way for the creation of a medicinal cannabis industry, New Zealand companies are racing to be in line to capitalise. Each company has a unique approach with different forms of ownership, strategy and direction. To date, the Ministry of Health have issued licenses to seven other New Zealand companies.

Medical Kiwi is well on its way to becoming New Zealand's leading cannabis wellbeing product and medical research company. We will distinguish ourselves in the market through a number of initiatives:

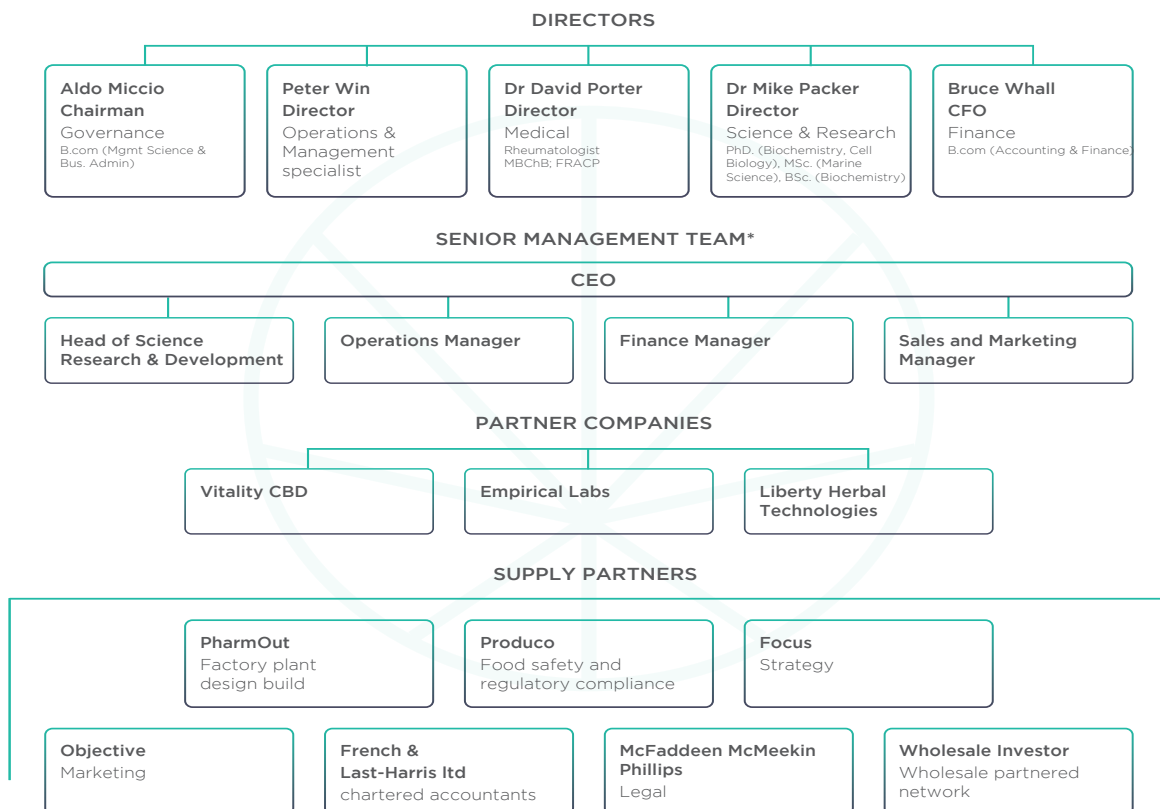
- High value partner relationships that enhance the market opportunity.
- A strategic approach and well defined road-map that delivers cash sooner.
- A customer-centric approach.
- Ongoing commitment to research and development to deliver advanced, high quality products and promote export, with assurance from seed-to-sale.
- Commitment to fair pricing.
- Business goals aligned to environmental sustainability and an emphasis on technology, solar energy and planting equipment.
- Strong overseas partnerships delivering advanced, high quality products and promoting export.
- Unique NZ provenance and brand positioning.
- Position to be able to develop proprietary IP.



Governance and management

BOARD OF DIRECTORS

Overseeing Medical Kiwi's operations will be a Board of Directors under the leadership of Executive Director and Co-founder, Aldo Miccio alongside Co-founder Peter Win, whose key purpose will be to enable and ensure Medical Kiwi's prosperity by collectively directing the company's affairs, leveraging the sum of their professional experience. We have a strong team in place with expert knowledge and skills and a proven track record of financial and management capability to move Medical Kiwi forward.



*To be appointed. Each Head of Department will build out their own team.

Governance and management



Aldo Miccio
Chairman

Aldo has enjoyed an extensive international career in senior management and governance. His broad experience, spanning 27 years, includes executive chairmanships and directorships for entities across Asia Pacific in industries ranging from property, retail, agriculture and FMCG to public and state services. With an entrepreneurial spirit and strong commercial background, his expertise includes strategic planning, product management, product design and sales and marketing. In the late 1990s, he started Bissi Ltd, a successful apparel company which, at its peak, grew to over A\$15 million in annual sales. This afforded the opportunity to develop strong ties to production offices in China and over the last seven years he has further

developed a particular focus on growing business networks and fostering export relations between New Zealand and China. He sold Bissi Ltd in 2010, by which time he had established himself as first a Councillor, and then Mayor of Nelson City serving a total of six years in public office. Under his leadership, Nelson achieved economic success and regional growth. He was instrumental in successfully negotiating and championing the bid to win the rights to host three Rugby World Cup 2011 games in Nelson as well as three 2015 Cricket World Cup matches. He also brought a number of sporting events and food and arts festival events to Nelson during his four years as Director of Trafalgar Events. Aldo has held a number of not-for-profit trustee and governance roles in healthcare, science, the arts and sports, working to enhance the community wellbeing and enable changes in people's lives and health outcomes. This was also a key driver in Aldo co-founding Medical Kiwi Ltd in 2018. In addition to Medical Kiwi Ltd, Aldo is currently managing and directing exciting fast growing businesses including New Zealand Coastal Seafoods and KELA Charms. He is Vice President of the Italian Chamber of Commerce in New Zealand. Aldo has a Bachelor of Commerce in Business Administration, Management Science and Operations.

Governance and management



Peter Win

Director (Operations and Management)

Peter has considerable breadth and depth of business experience, with a passion for pioneering new industries. His vast experience has afforded him a broad knowledge base about what it takes to make a company work effectively and successfully. Peter has worked in some of the most technically advanced industries, reaching senior levels of management in large-scale energy projects in Norway, Nigeria and China and the marine engineering industry in New Zealand. With a drive to get projects moving forward, Peter has been instrumental in the start-up and growth of several businesses. He founded and managed Elanz Ltd, a niche food and beverage business that exported locally

produced premium products to international markets including China and Southeast Asia. He identified an opportunity to process and distribute Ling maw into Asia and in 2016, with an interest in developing value-added products, he co-founded and is CEO of New Zealand Coastal Seafoods that is currently undergoing a process that will see it listed on the ASX. For a number of years, Peter had been monitoring what was happening internationally in the medicinal cannabis industry. The recent law changes in New Zealand provided the opportunity to make a medicinal cannabis business commercial and in 2018, Peter co-founded Medical Kiwi Ltd. His motivation is a strong belief regarding the social wellbeing and health benefits for the wider community, after personally experiencing how the industry has helped build better communities overseas.

Governance and management



Dr David Porter
MBChB, FRACP
Director (Medical)

David is a Consultant Rheumatologist with a busy rheumatology practice in Nelson. Porter Rheumatology provides specialist medical and nursing care to people with autoimmune and inflammatory disorders, as well as fibromyalgia patients. David is committed to finding more effective, accessible and affordable ways to manage his patients' pain. Porter Rheumatology is actively involved in clinical trial research investigating new rheumatology drugs, having taken part in 15 clinical trials to date. For the past 12 months, David has been prescribing cannabidiol for his fibromyalgia patients and has seen significant

benefits, particularly the lack of side effects, improved sleep, calmness, mental alertness and pain management. David joined Medical Kiwi as a Director because he is passionate about providing the highest quality medicinal cannabis products with the considerable benefits they bring to patients at the best possible price point. David has 27 years' experience in the medical field, including 15 years as a General Medicine Specialist working in general medicine, intensive care, cardiology, gastroenterology, neurology and general and vascular surgery. He has undertaken extensive general medicine and rheumatology training in New Zealand, the United Kingdom, and, as the 2003 Rose Hellaby Scholar, Australia. He is a fellow of the Royal Australian College of Physicians and a member of the New Zealand Rheumatology Association, American College of Rheumatology, and American College of Physicians.

Governance and management



Dr Michael Packer

PhD (Biochemistry, Cell Biology), MSc (Marine Science), BSc (Biochemistry)

Director (Science and Research)

Michael is a biochemist and natural products biotechnologist with a long and extensive track record of scientific research. With a career spanning 28 years in New Zealand and the United States of America, Michael is interested in reducing environmental impact and the optimal use of resources, in particular utilising algae to achieve this. How to farm algae for carbon recycling/capture, biofuel production, bio-based materials and for healthy food ingredients, bioactives, nutraceuticals and cosmetic ingredients has formed the basis of his research and

professional speciality. As a Senior Research Scientist he manages algae growing facilities and has established commercial algal farms for the biotechnology industry. His work involves using custom-built bespoke photobioreactors which enables algal growth under controlled conditions. Previous research was commercialised in the United States of America and reached stage three clinical trials. His work has been extensively published in the scientific literature. Michael is a founding member of the Australia, New Zealand Marine Biotechnology Society and has held the position of Vice President for the Society since 2017. He has been involved with the planning of numerous science conventions and forums, an editor for scientific publications and he sits on the Ministry of Business, Innovation and Employments College of Reviewers. Michael joined Medical Kiwi as a Director to help guide rigorous evidence-based development of natural products for benefiting human health.

Governance and management



Bruce Whall

CA, B.Comm (UNSW), FAICD

CFO

Bruce is an experienced senior finance and business executive with wide ranging management experience and a clear understanding of the mechanics of business. With a career spanning 40 years, Bruce has extensive competency across strategic and business planning, mergers and acquisitions, finance, accounting, taxation, working capital management, treasury and operations. He has held senior financial and operational roles in both professional accounting and commerce for private and public large-to-medium commercial businesses, multi-nationals in the United States of America and Japan and small-to-medium businesses in Australia.

Bruce has a Bachelor of Commerce from the University of New South Wales, is a qualified Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Governance and management

CORPORATE GOVERNANCE

To deliver on our promises to all stakeholders, Medical Kiwi will follow a quarterly reporting corporate governance model that meets or exceeds all industry standards. We will set clear and manageable KPI's and will continue to uphold complete transparency in our relationships.

HUMAN RESOURCES

Because of the nature of the business and the strict regulations governing the industry, Medical Kiwi will apply the most rigorous standards to comprehensive recruitment processes to ensure experienced and qualified staff will be placed in all senior management positions. This will form a foundational senior leadership team that appropriately reflects the culture and vision of the company, leveraging their expertise to build the Medical Kiwi as a premier medicinal cannabis producer in New Zealand.

We estimate that approximately 180 - 245 full time equivalents will be employed by Medical Kiwi. We have started the search for

a CEO with the relevant domain experience and proven success in leading a successful early-stage company and the right skills to lead a team of professionals to convert the current market opportunity into a thriving business. We expect to confirm an appointment in the near future. The Medical Kiwi team will include expert botanists, horticulturalists and scientists who will advance complex projects as part of Medical Kiwi's ongoing research and development programme. The calibre of our staff will ensure that our New Zealand-made medicinal and nutraceuticals cannabis products will stand up against the best in the world.

Our corporate culture will motivate and reward business excellence. We will attract and retain employees by being a business that cares for their staff and achievement of goals. A profit-sharing opportunity will be made available to all management staff, based on their performance for a period of three years or more.

Financial projections

The financial projections for Medical Kiwi have been based on research from Canada, the United States and Australia. Some of this information is a combination of data from companies that are currently producing medicinal cannabis products as well as anecdotal information.

| | |
|---|------------------------------|
| BUILDING SPACE | 10.300M ² |
| LAND AREA | 8 Hectares |
| NUMBER OF STAFF | 180 - 245 |
| ESTIMATED PRODUCTS FOR SALE | 30,000 - 35,000 kg per annum |
| SET UP COST | NZD \$4.5 million |
| ESTIMATED TURNOVER* (FULL PRODUCTION YEAR 3) | NZD \$100 - \$110 million |
| ESTIMATED EBITDA* (FULL PRODUCTION YEAR 3) | NZD \$60 - \$65 million |

* Based on current market conditions

Financial Projections

CASH FLOW

Strong growth is expected as regulation stakes hold, the industry becomes more established, new market segments emerge and facilities are expanded. Financials are based on a three-way cash-flow forecasting model, incorporating full profit and loss and balance sheet forecasts.

FINANCIALS

| PROFIT AND LOSS STATEMENT NZD | FCST CY19 | FCST CY20 | FCST CY21 | FCST CY22 | FCST CY23 | FCST CY24 |
|---|------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | \$0 | \$2,470,725 | \$48,587,252 | \$80,194,396 | \$106,750,144 | \$109,824,294 |
| Cost of Goods Sold | \$0 | \$1,482,435 | \$10,091,246 | \$17,281,285 | \$22,051,133 | \$23,662,226 |
| Gross Margin GM% | \$0 | \$988,290 40.0% | \$38,496,006 79.2% | \$62,913,111 78.5% | \$84,699,011 79.3% | \$86,162,067 78.5% |
| Opex | \$509,870 | \$1,296,288 | \$9,858,062 | \$14,348,830 | \$19,527,173 | \$19,888,646 |
| EBITD EBITD % | -\$509,870 | -\$307,998 | \$28,637,944 58.9% | \$48,564,281 60.6% | \$65,171,838 61.1% | \$66,273,422 60.3% |
| Depreciation | \$0 | \$0 | \$1,629,833 | \$1,899,500 | \$1,959,500 | \$2,019,500 |
| EBIT EBIT % | -\$509,870 | -\$307,998 | \$27,008,111 55.6% | \$46,664,781 58.2% | \$63,212,338 59.2% | \$64,253,922 58.5% |
| Interest | \$0 | \$0 | \$1,463,134 | \$1,412,844 | \$1,228,094 | \$1,043,344 |
| NPBT | -\$509,870 | -\$307,998 | \$25,544,977 | \$45,251,937 | \$61,984,244 | \$63,210,578 |
| Income Tax Expense | \$0 | \$0 | \$6,899,529 | \$12,670,542 | \$17,355,588 | \$17,698,962 |
| NPAT NPAT % | -\$509,870 | -\$307,998 | \$18,645,448 38.4% | \$32,581,395 40.6% | \$44,628,656 41.8% | \$45,511,616 41.4% |

Additional information

SHARE IN MEDICAL KIWI'S EXCITING FUTURE

Shareholder Agreement and Financials are available at our Investor Portal <http://bit.ly/info-MK>

Against the backdrop of a global health and wellness consumer mega-trend, and with sentiment towards alternative medicines and medicinal cannabis in particular rapidly evolving, the time is now to participate in the opportunity that Medical Kiwi represents.

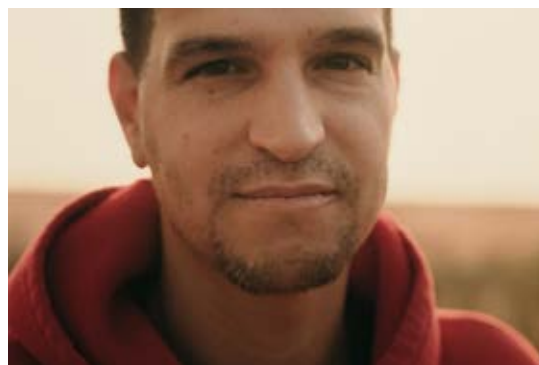
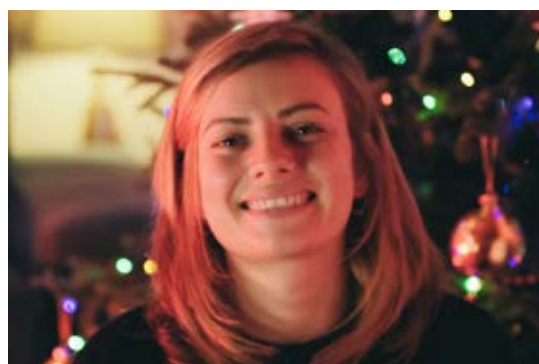
For further information or to discuss this investment opportunity

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Medical Kiwi

M E D I C I N A L C A N N A B I S

A medicinal research and nutraceutical
wellbeing company



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